

ACHIEVING EXCELLENCE 2000

**A Guidebook for
the Improved
Accountability of
Public Bodies**

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ACCOUNTABILITY FRAMEWORK GUIDEBOOK

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Treasury Board

Preface

This public body accountability framework document represents another important step in government's efforts to implement effective and up to date accountability measures throughout the public sector. Accountability for public bodies follows on the heels of a major departmental accountability initiative which has been ongoing since 1997. Relevant linkages and adjustments have been made between the two initiatives throughout the development process.

The accountability framework has been approximately a year in the making and over that time has been informed by inputs from many public bodies. In August 1999, Ministers released a draft copy of the framework document to public bodies for their review. We would like to thank all those who provided analysis, views and other feedback. This *Guidebook* reflects and incorporates the many insights offered by the respondents. It should be noted that concerns and suggestions regarding the need to clearly articulate governance roles and responsibilities are beyond the scope of this document. Although the framework acknowledges that such articulation is a necessary prerequisite to effective accountability relationships, this level of detail is best addressed by individual departments and their respective entities. Treasury Board's companion document on public body governance provides greater clarity on this issue, however, once again, is too general to address the idiosyncracies of each entity's governance relationships.

While much has been accomplished, much remains to be done. Over the next few years, continued collaboration and consultation will be essential as departments and their affiliated public bodies work through the challenges and opportunities of the accountability process. This framework is intended to set the stage for the future interaction of Ministers and their departments with public bodies. Embraced in a spirit of mutual respect and understanding, it can yield positive results for many years to come and help Ministers and their public bodies get on with the job of making the best possible use of resources for the benefit of citizens of the province.

Forward

Changing social and economic conditions, demographic trends, emerging technologies and public expectations continue to shape Government's fiscal and management environment. The increasing pace of change requires government to constantly explore strategies to improve the way it operates and delivers public services. Strengthening the functioning of public bodies, as outlined in this new accountability framework, is a significant step in this evolution.

Direction and leadership for the provision of many public services have been provided by citizens who, in many instances, volunteer their time and expertise to serve on various boards and agencies throughout the province. The governing bodies formed by these members have been given responsibility, authority and flexibility to carry out mandates outlined in various legislative acts and supporting legal agreements. The accountability framework detailed in this document is designed to build upon the many significant achievements of these bodies in a way that satisfies the growing demand for greater efficiency, effectiveness and transparency in the delivery of public services.

Through much of the 1990s, Government has been diligently focused on the fiscal situation of the Province while preserving vital public services. The next step is to focus on the effective and efficient use of our resources by ensuring that program goals and objectives are set, communicated, measured and achieved. In this regard, this *Guidebook* has two main purposes. First it is designed as an information source to assist in achieving Government's overall and specific program goals. Second, and more particularly, it outlines how government and its governing bodies relate to one another in a new accountability system. It is my belief that this framework, with its focus on planning and performance, will lead to more effective and efficient use of public resources.

Honourable Anna Thistle
President of Treasury Board

TABLE OF CONTENTS

PREFACE

FORWARD

INTRODUCTION	1
BACKGROUND	2
What is Accountability	2
Why Accountability Is Necessary	2
Governance and Accountability	2
What Accountability Relationships Exist	3
What Accountability Should Achieve	3
What Information Should Be Reported	4
Why Focus on Performance	4
How Information Is to Be Used	5
THE ACCOUNTABILITY LOOP	6
Planning	6
Monitoring and Reporting	9
Feedback	10
PARTICIPATION AND IMPLEMENTATION	12
Criteria Application	12
Policy Statements	13
Links with Departmental Plans	14
What Are the Important Challenges	14
How Success Is Achieved	14
Implementation	15
APPENDIX A - FRAMEWORK ROLES AND RESPONSIBILITIES	16
GLOSSARY OF TERMS	19
FURTHER READING	22

I ntroduction

Throughout developed countries, citizens are calling for increased levels of accountability in the expenditure of monies for the provision of public services. In response, Governments are rapidly and continually improving their accountability processes. The degree of accountability demanded, together with society's expectation of quality programs and services, cannot be fully achieved until government departments work closely and in unison with their affiliated public bodies. In this province, expenditures by public bodies account for over half of all provincial government expenditures.

Public bodies take many forms and are engaged in a wide variety of functions. Boards, agencies, Crown corporations, commissions, foundations, panels, committees, councils, and tribunals are structures which government creates and to which it delegates responsibilities. Despite their sometimes diverse mandates, these structures have one important thing in common. They are all instruments of government policy, designed to serve the needs of citizens in a free and democratic society; they exist to serve the public good.

Accountability is a cornerstone of our democratic system. Accountability must apply at all levels if the public is to be well served and assured of quality programs and services. Although government can delegate responsibility and ascribe authority to others to act on its behalf, it cannot absolve itself of its accountability for all public policy matters. Government is elected to govern and is held accountable for the governance decisions made by all of its entities, including public bodies. For that reason, government must ensure that adequate accountability measures are implemented for both its departments and public bodies.

This *Guidebook* is the first step in introducing members of public bodies and government departments to the key ingredients of an accountability framework designed to create greater communication, interaction, accountability and teamwork between government and its public entities. The framework's implementation is an ambitious undertaking which will require several years of coordinated and cooperative effort between Ministers / departments and affiliated public bodies.

Because the framework is intended to apply across government departments to a wide variety of public bodies, this document is very general in its orientation. As implementation proceeds, Ministers will communicate levels of participation required of their affiliated public bodies and through their departments provide the necessary guidance for public bodies to fully engage in the new accountability process.

Background

What is Accountability

"Accountability clearly establishes the right of citizens to know what government and its entities intend to achieve on their behalf and how well they have met these intentions" (CCAF* 1999). In the most general terms, accountability means the ownership of conferred responsibilities, combined with an obligation to report to a higher authority on the discharge of these responsibilities and on the results obtained. To be accountable, an organization must be clear about its goals, explain the strategies it will use to meet goals and associated objectives, reveal the full costs of these strategies, and report on its actual results. It must also report and explain any differences between expected and actual results, and where results are less than expected, outline actions taken and planned to improve the situation.

Why Accountability Is Necessary

Implementing a new accountability framework is not simply a means of controlling budgets or a way of highlighting weak management or programs. The overriding purpose of accountability frameworks is to provide useful, relevant information about government programs and services that enable management to make informed decisions that result in continuous improvements to service delivery. They provide information about the effectiveness and efficiencies of government programs and services and government's plans to improve those programs and services to the public. In return, they help build public confidence in government and its entities. Among other things, improved accountability will:

- tell government how it is doing;
- influence the way programs are managed; and
- help the public assess the impact that government programs and services have on their lives.

Governance and Accountability

Effective governance is crucial for effective accountability. While many elements of governance are already operating efficiently and effectively in the public sector, the challenge is to bring these components together as part of an overall governance and accountability framework. If governing bodies are to effectively support the quality and level of programs and services expected, and if they are to be held accountable, relationships between, and responsibilities of, government and its governing bodies must be clearly defined and understood.

* Canadian Comprehensive Auditing Foundation

Ministers of the Crown are generally responsible for establishing mechanisms to: develop, clarify and communicate expectations; allocate resources; ensure that plans for meeting expectations are developed, and evaluated; define reporting requirements; assess overall performance; and initiate required actions supporting continuous improvement. Public bodies are responsible for: ensuring that information about their issues and concerns are conveyed to government; developing strategic, operational and financial plans; monitoring evaluating and reporting performance against goals and objectives set out in plans; revising and updating plans; and monitoring and reporting on financial plans. Appendix A outlines the roles and responsibilities of the three key players in this accountability framework: departments; public bodies; and Treasury Board.

More detailed information related to governance is outlined in Treasury Board's companion document to this *Guidebook* entitled "*Governance Handbook for Public Bodies*." Members of boards and other governing bodies should familiarize themselves with both publications in order to gain a more comprehensive perspective of governance expectations, responsibilities, and accountability relationships. Acceptance to serve on a public body, whether in a volunteer or paid capacity, assumes acceptance of Ministers' expectations and responsibilities conferred through legislation, agreements or any other mechanism. Prospective and sitting members of governing structures are encouraged to carefully consider stated relationships and responsibilities when making decisions to serve, or continue serving, on governing bodies.

What Accountability Relationships Exist

The public gives governments the responsibility and authority to develop public policy and manage public resources. In turn, governments entrust some of that responsibility and authority to governance structures of public bodies. In exchange, Government and its entities are obliged to provide the public with an explanation, or account, of their stewardship. There are a number of accountability relationships which impact the nature and quality of public services and programs. Specifically, the relationships are between:

- the Minister and the public body;
- the public and the House of Assembly;
- the public and the public body;
- the public and the Minister;
- the Minister and departments; and
- the House of Assembly and the Minister.

What Accountability Should Achieve

Accountability is particularly important in situations that involve public trust. A key goal of accountability is to ensure that the exercise of responsibility is directed toward achievement of an organization's purpose (i.e., mandate and mission) and goals. However, a commitment to accountability should also be thought of as a constructive tool for

organizational development and renewal, enhancing management practices, and planning. Improved accountability can also lead to:

- a better sense of direction;
- improved internal and external communications;
- better links between Ministers, their departments and public bodies;
- a better understanding of roles and relationships;
- more reliable, timely and relevant information about how a public body is doing;
- improved decision making; and
- more *strategic* thinking throughout the organization.

What Information Should Be Reported

"Organizations have a responsibility to define their intended results and provide accurate and timely information about them" (CCAF, 1999). Strategic planning is key to knowing what an organization intends to do, and why, over the medium to long-term. Ministers require information about an organization's plans so they can fully understand what and how a public body is doing in relation to its mandate and government's goals and objectives. Key questions which Ministers may request public bodies to address include:

- What are the organization's vision and mission?
- How does the vision and mission relate to its mandate. How do they contribute to departmental/government goals and objectives?
- What are the public body's overall goals and objectives?
- What are the main strategies (i.e., initiatives and programs) to be used to achieve these objectives and why?
- How will progress toward these objectives be measured? What measures have been identified?
- How will the organization know if, or when, planned goals and performance objectives have been achieved? What performance measurement targets have been set? How realistic and achievable are these targets?
- Approximately, what will it cost to achieve stated goals and objectives?

As it pertains to this accountability framework, the degree to which a public body will be expected to engage in strategic planning will be dependent on its size, scope of operations and available resources.

Why Focus on Performance

An important aspect of assessing performance is being able to compare achievement to established targets and expectations. Traditional accountabilities have focused on financial

and operational activities (i.e., efficiency measures), but this information gives only part of the picture. Efficiency measures by themselves are not sufficient to assess whether an organization is performing well. A new accountability framework will require an equal emphasis on the non-financial aspects of results and performance (i.e., effectiveness). A framework that establishes a cycle of planning, reporting and feedback and that aims to ensure that government's programs are relevant, efficient and effective is required.

Measuring performance is one of the cornerstones of an effective accountability framework. Performance measurement is a systematic attempt to learn whether an organization is providing high quality, effective programs and services and achieving its stated results / outcomes. Reports based on performance demonstrate to government, public bodies and their stakeholders, the extent to which plans were actually carried out and goals and objectives achieved.

During the planning process, it is critical that public bodies and departments work closely together to develop meaningful performance measures, i.e., measures which demonstrate or indicate the degree to which specified provincial and local goals and objectives are being realized. In some instances, the task of identifying meaningful performance measures may be relatively simple, while in others, such determinations will require considerable thought and evolve over time. It is recognized that some departments and public bodies have had extensive involvement in this area while others have not and, as such, extra time to plan, develop and implement appropriate performance measures may be required.

How Information Is to Be Used

All levels of government will benefit from a strengthened accountability and planning process. Except where legislation or other agreements prohibit, it is expected that each public body will be given final approval for its plan by the Minister to whom it is accountable. However, the purpose of strengthening this process is broader than gaining approval; it is to ensure that roles and responsibilities are understood, expectations are communicated, strategic planning processes become useful management tools, performance is measured and reported, and feedback is provided. Information, issues and ideas contained in the plans will be used to support:

- the overall planning efforts of government and its entities;
- improved internal and external communications;
- the overall efficiency and effectiveness of public bodies;
- the development of departments' strategic plans;
- the development of government's financial plans;
- the availability, timeliness, and quality of information available to government, the public and the public body's stakeholders;
- improved monitoring and evaluation of programs and service activities; and
- the preparation and distribution of regular reports on outputs and outcomes.

The Accountability Loop

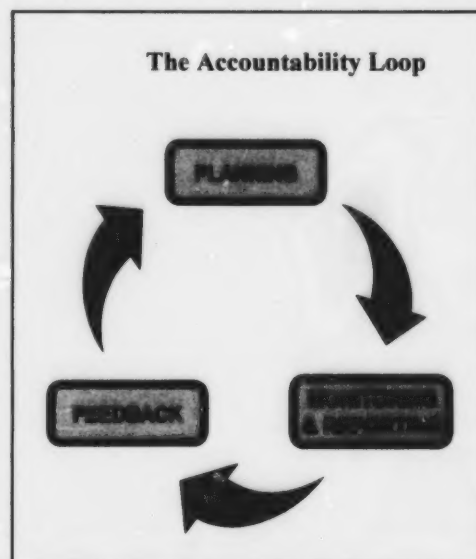
The key elements of any accountability relationship include planning, reporting and feedback. Together they form a loop which provides for a systematic cycle of events that helps an organization understand fundamental issues, define policy choices, and establish priorities for action, including resource allocation. A major focus of this accountability loop is the linkage between a public body's performance and its contribution to overall government and department goals.

Figure 1

Planning. A typical planning process involves: clarifying an organization's mandate; developing mission and vision statements; identifying major trends, challenges and opportunities; establishing responsibilities and expectations; setting goals, strategies and objectives; establishing performance measures with targets; and integrating public body and departmental plans.

Monitoring and Reporting. The next stage of the accountability relationship involves monitoring, measuring, evaluating and reporting on outcomes or progress toward meeting responsibilities and expectations, i.e., outputs and outcomes.

Feedback. The final step involves an analysis of the general direction, expectations, outputs and outcomes and provision of appropriate feedback by the delegating authority. This feedback provides assurance that the organization is meeting its responsibilities and that progress toward expected outcomes is being achieved. Feedback should also indicate how the organization's results are contributing to the long-term goals of government and its departments.



Planning

Planning establishes a general framework, and creates a process through which decisions can be made about an organization's intended results, future outcomes, about how these outcomes will be accomplished, and about how progress toward achievement of the outcomes will be measured and evaluated. The value of strategic planning lies in its systematic approach in dealing with future uncertainties. It focuses efforts and resources on long-term, general objectives and yet provides a foundation for medium and short-term activities.

The development of a multi-year strategic plan is the initial step in the planning process. Following approval of the multi-year plan, for each of the years contained in the approval period, an operational plan is also required. The operational plan is the formal link to the

budget process and serves as the primary vehicle through which the organization's mission and mandate are implemented. The budget and operational plan set out the organization's activities and expenditure plans for the budget time-frame supporting the strategic plan's goals and objectives.

Strategic Plan

For those public bodies with complex organizational and administrative structures, strategic planning is a critical component of the accountability process. In preparing plans, entities are expected to reflect on the mandate of the public body, examine internal and external environments, identify and assess strategic issues, and determine future direction and priorities for their organizations.

Depending on the nature of the public body, the following briefly outlines the strategic planning components which may be required, to varying degrees, by Ministers responsible for a particular public body:

- i) *Mission, vision, and values.*
- ii) *Review of environmental factors.*
- iii) *Strategic issues.*
- iv) *Goals and objectives.*
- v) *Priorities and strategies.*
- vi) *Performance measures.*

For consistency with department processes, planning horizons for public bodies will normally be three years. Where required, approval periods will generally be of the same duration. Organizations, however, will need to operationalize their plans annually after department and/or other allocations are communicated, and any additional revenue can be reasonably projected.

In instances where numbers of public bodies exist under the same constituting authority and for the same purpose (e.g., school and hospital boards), the impact of boards' strategic planning on government funding allocations will ordinarily occur at the composite level. With the exception of capital funding, it should not be anticipated that the strategic planning process will result in differential funding for these boards, beyond that provided for in existing funding models. Particularly where government grants are the primary funding source, it is important that public bodies undertake strategic planning exercises within the context of existing funding models and adopt objectives which are within the organization's financial capacity to accomplish. For Crown corporations and other public bodies which have the authority and means to generate their own sources of income, some of the above-mentioned issues will obviously not have the same relevance.

It is acknowledged that many public bodies presently prepare strategic plans and have varying degrees of expertise in the processes involved. Some, however, have limited or no experience with planning processes and for this reason a phased approach may be necessary

for accountability framework implementation. Initially, as is the case with the current government departmental planning initiative, the process will be iterative and will aim to build organizations' planning capacity. Public entities with strategic planning capacity and experience may be expected to extend their processes and submit more comprehensive plans at an earlier stage.

Annual Operational Plan and Budget

As part of government's own strategic, operational and budget planning processes, Ministers and/or their line departments may consult with their public bodies to discuss the forthcoming budget, clarify expectations, identify critical issues and budget concerns, and seek opinions about possible solutions. As part of this consultation process, departments are expected to share information about the province's fiscal condition and their own financial position. In turn, public bodies should use the process to help departments understand their concerns and problems and to jointly explore ways of addressing them. Following these consultations, where appropriate, individual entities will forward their projected financial requirements for the upcoming year, to respective Ministers, in accordance with direction provided by the Minister through department officials. Depending on the nature and scope of the public body, and other legal requirements, Ministers may or may not require consultations or detailed financial information from an organization at this stage.

After the provincial budget has been tabled and relevant capital and operating grant allocations have been determined for public bodies, Ministers will normally provide them with an allocation approval letter outlining details of the public body's forthcoming budget. Departments may choose to meet with their entities to review the budget details, identify financial implications, highlight any significant issues and convey any expectations for the year's activities. At this time, Ministers may also require their public bodies to submit, for approval, a balanced, final budget setting out revenues, applicable recoveries and expenditures, or any other required information.

The primary link between a public body's budgeting and strategic planning processes is the annual operational plan, which translates long-term goals and objectives into a clear operating framework for a one year period. An organization's operational plan is usually completed after funding allocations have been communicated, and prior to formal operating and capital budget submissions. Operating plans generate the context for the detailed financial information required in the annual budget. The information contained in the operational plan is only required by specific request of the Minister.

Monitoring and Reporting

Most major public bodies produce reports for their own needs, to meet the needs of their responsible Minister and to provide information to government, the general public and other stakeholders, on the nature of their activities. The regular reporting of results is integral to public sector accountability. The purpose of reporting is to monitor the fiscal condition of public bodies in relation to annual budgets and activities, and to evaluate their progress in meeting their planned goals and objectives. To achieve this end, three reports are envisaged and may be required by respective Ministers depending on the nature, size, legal and other requirements of a particular public body: (1) a quarterly, and sometimes monthly, financial report; (2) an annual financial report; and (3) an annual performance report. Circumstances of various public bodies may, at the responsible Minister's discretion, warrant a phased approach to the implementation of these reporting requirements.

Quarterly Financial Report

- original budget;
- year to date balances;
- projected revised;
- projected variances and financial ratio analysis as applicable; and
- detailed explanatory notes for any variances and their impacts and any outstanding obligations.

A set of unaudited financial statements should be included with the 4th quarter report.

Annual Financial Report

- audited financial statements;
- management letter from external auditors (if applicable); and
- response to management letter.

Annual Performance Report

- executive summary;
- summary of approved strategic plan, including goals and objectives;
- summary of program thrusts and strategies used to meet stated goals and objectives;
- summary of financial report;
- comparison of actual performance and desired results; and
- explanation of variances between expected and actual results.

Feedback

The ultimate aim of accountability is to improve the quality of what is done, which is not achieved simply because information is reported. Ministers must be informed about what entities intend to accomplish and what they actually achieve in order to assess the quality of a public body's actions and results. This means that Ministers must actively use the information contained in strategic plans to conduct assessment and provide feedback to public bodies.

For Ministers and their departments, strategic plans can provide a focal point for discussion with public bodies as each develops their operational plans. Interactions during the strategic planning process provide an opportunity for both to better understand each others current operating environments and issues. Over time, the information gained from these reviews will help further shape departments' own plans. Feedback to public bodies may include comment on: the substance of their strategies; the implications of system-wide issues of their plan; financial plans and operations; and performance in meeting identified goals and objectives. Suggested feedback mechanisms may include:

- Annual Budget Approval Letter
- Quarterly Financial Report Letters
- Strategic Plan Approval Letter (every three years)
 - approval of the plan;
 - approval of the plan with minor modifications;
 - approval of the plan pending major changes and resubmission; or
 - rejection of the plan requiring further development and resubmission.
- Annual Performance Report Letter
 - confirmation of the public body's mandate;
 - comments on general direction, goals, objectives and priorities;
 - comments on resource management issues;
 - requests for supplementary information or reviews;
 - comments on management procedures and administrative capabilities;
and
 - summary of key decisions taken by the public body.

Figure 2

Components of Accountability Framework

1) PLANNING

- i) *"Strategic Plan" (submitted once every three years)*
 - vision, mission, goals, strategies, strategic issues, performance objectives, measures, targets, etc.
- ii) *"Annual Operational Plan and Budget"*
 - budget consultation (as required)
 - budget allocation (following submission of projected financial requirements)
 - operational plan development (not normally required for submission)
 - budget development (submitted annually)

2) MONITORING AND REPORTING

- i) *"Quarterly Financial Report" (monthly if required)*
 - original budget, year to date balances, variances and projected revised budget
- ii) *"Annual Financial Report"*
 - audited financial statements
 - management letter and response
- iii) *"Annual Performance Report"*
 - plan summary, including goals and objectives
 - program thrusts and strategies to meet objectives
 - financial report summary
 - comparison of actual performance and desired results
 - explanation for variances between expected and actual results

3) FEEDBACK

- i) *"Strategic Plan Approval Letter" (every three years)*
- ii) *"Quarterly Financial Report Letter"*
- iii) *"Annual Budget Approval Letter"*
- iv) *"Annual Performance Report Letter"*
 - feedback concerning mandate, issues, expectations, thrusts
 - assessment of annual financial and performance reports

Participation and Implementation

Criteria Application

Public bodies in this province can be characterized by their size, scope, nature of activities, administrative structures, fiscal impacts and public interest. Using these general criteria, entities can be grouped into three major categories, which can serve as a basis for determinations regarding level of participation in the accountability framework. It is reasonable to expect that a majority of entities in Category 1 will participate and be required to comply fully with all accountability measures. Conversely, Category 3 participants may be exempt from most of the framework components (e.g., submit only audited financial statements and/or a brief annual report). The degree of analysis and feedback by Ministers will generally depend upon the public body's required level of planning and reporting.

Category 1: *Major service delivery bodies and commercial Crown corporations.* Public bodies in this category have advanced financial and operational reporting systems and adequate human and physical resources to capture, analyze and communicate performance plans and results information to Government. Typically, these organizations have operating and financial plans (budgets) in place, although not all have fully developed strategic plans. There tends to be significant public interest in decisions of these types of public bodies and potential provincial impacts are moderate to high.

Category 2: *Other service delivery and commercial Crown corporations.* Public bodies in this category are similar to those in Category 1 in that they operate as going concerns. However, the majority of these organizations do not have established corporate or administrative structures or do not currently have the resources to satisfy all of the requirements of the accountability framework. Public interest in these types of entities tends to be low to moderate as are potential provincial impacts of their decisions.

Category 3: *Quasi-judicial, public policy and advisory bodies.* Public bodies in this category include all remaining agencies. Entities in this group have a much narrower scope of responsibilities than those in Categories 1 and 2. Typically, these public bodies exist for a singular purpose (e.g., to enforce legislation), operate with limited budgets, have no administrative structures and are not going concerns. Generally, the extent of their operations is limited to regular meetings of members. Administrative support is often provided by the Government department with which it is associated. Entities in this category typically receive little or no funding aside from governing members' expense reimbursement. In this category, provincial fiscal impacts are low, as is the risk of significant public reaction to decisions.

A summary of the main criteria used to identify public bodies for each of the three categories follows:

Figure 3

Criteria	Category 1	Category 2	Category 3
Established organizational structures	yes	varies	no
Distinct administrative supports	yes	varies	no
Operating budgets	yes	yes	varies
Going concerns/legal entities	yes	yes	varies
Public interest in activities	moderate to high	low to moderate	low to moderate
Fiscal impacts to province	moderate to high	low to moderate	low

Policy Statements

1. (a) Depending on its nature and scope, and any overriding legislation or agreement requirements, a Minister may request that a public body prepare and submit:
 - a strategic plan
 - an annual budget
 for review and **approval** of the Minister.
- (b) Depending on its nature and scope, and any overriding legislation or agreement requirements, a Minister may request that a public body prepare and submit:
 - quarterly and annual financial reports
 - an annual performance report
 for review and **feedback** by the Minister.
2. Where plans, budgets and reports are requested by the Minister, the Minister will indicate the timeframe for submission and the form in which information is to be presented.
3. Where requested by the Minister, and subject to any overriding legislation or agreement requirements, a public body shall make an agreed upon summary plan and/or performance report available to its public and other stakeholders, as identified by the Minister.

Links with Departmental Plans

The accountability and planning systems of government departments and public bodies cannot work in isolation of each other. Both systems must be fully integrated to provide the best possible results for the public being served. Departments and their affiliated public bodies must work in unison toward the same ends and, as such, issues, financial impacts, program thrusts, etc. arising from each other's plans must be recognized and addressed. Separate implementation strategies may be helpful in the early stages of this desired integration of accountability and planning processes. However, it is important that complementary methods, strategies, time frames and reporting frameworks between departments and their entities be developed and implemented over time.

What Are the Important Challenges

This **Guidebook** identifies key elements and fundamental principles of a new accountability framework for public bodies in this province. One of the most important challenges for government is to assess the level of familiarity of governing members and administrative staff with their new planning, measurement and reporting responsibilities. Some public bodies already have strong strategic planning processes in place. Others, while strong in the delivery of their particular program, have not had the exposure to strategic planning or measurement practices that are the cornerstones of this framework.

Departments and public bodies must begin to foster a shift in the way performance is both perceived and measured. The importance in shifting the focus from outputs to outcomes, while continuing to evaluate both types of results, must be communicated to all involved in the delivery of government programs and services. Effective communication is essential to provide timely and relevant information, to ensure that the goals and objectives of this new accountability framework, as well as associated expectations, are understood, and to seek ongoing refinements to accountability and planning systems and processes.

Changes are required in our beliefs, values and attitudes about what we do, how we do it, and why, in order to achieve the required integration of planning and reporting systems. Organizational changes may be required to ensure that: information and ideas are shared on a timely basis, responsibilities and expectations are clearly understood by key stakeholders, and training and other supports are provided for all those affected by these changes. Management's challenge is to help spawn, expand and support an organizational culture that encourages and facilitates these changes.

How Success Is Achieved

This accountability initiative sets out a framework for change. Executives in both departments and public bodies are expected to foster and create environments required to

bring about that change. For effective accountability, it is important to focus on formal lines of authority in which responsibilities have been delegated, expectations are clear, reporting is required and performance is evaluated. Several important elements underlie effective accountability:

- roles and responsibilities are understood;
- expectations are clearly stated;
- appropriate authority is assigned and accepted;
- planning activities are fully integrated;
- actual performance is measured and has a direct impact on budgets;
- fair, reliable and timely reports about intended and actual results are made available;
- meaningful feedback is provided; and
- follow-up actions are used to improve future performance.

The success of this accountability framework is dependent on the careful consideration of all issues and their potential impacts on public bodies and their related departments. No one wants a system that is viewed as tedious, bureaucratic, and difficult to administer. Such a system can result in government receiving information that is not particularly valuable in addressing larger corporate issues and in public bodies spending considerable time and resources producing materials which may not be relevant or applicable. What is wanted and needed is a cost-effective system that produces timely, relevant and useful information for decision making that results in quality programs and services for the citizens of the province.

Implementation

The implementation and maturation of this accountability framework within government-sponsored entities are expected to take several years. Time will be required for departments and most public bodies to develop and refine the processes and structures needed to formulate high quality strategic plans and prepare and use performance and financial reporting systems effectively.

The framework outlined in this *Guidebook* is a starting point. Further work is clearly required by Ministers, and their departments, to more fully develop the processes supporting accountability and continuous service delivery improvement among public bodies. The changes outlined require a genuine commitment, by all affected, to excellence and a willingness to alter current accountability practices and systems. While broad-based commitment is essential, equally essential is the need to build a sense that commitments are followed through. The cycle of strategic planning, reporting and feedback, while not relieving departments and public bodies from having to make difficult choices, can at least assist in making those choices logically, consistently, and realistically, and helping to get on with the job of making the best possible use of available resources for the benefit of citizens of the province.

Appendix A1

Summary of Roles and Responsibilities
Planning

Minister / Department*	Public Body	Treasury Board
- in consultation with appropriate governing bodies, establish expectations related to the Minister's delegation of responsibility to respective public bodies - ensure that stated expectations are effectively communicated to all public bodies - ensure that public body plans for meeting stated expectations are fully developed, clearly communicated and receive required approvals in a timely fashion - provide and/or facilitate access to the information and/or other resources required by public bodies to meet stated expectations - as required, consult with and seek information from public bodies during the budget preparation process - as required, facilitate / arrange training and development supports for organizations and their governing bodies, particularly in the area of planning and governance	- develop annual budget within timeframes prescribed by the Minister, and/or other responsible parties - unless otherwise prescribed by legislation or formal agreements, collaborate with the responsible Minister/department in developing strategic plans to ensure complementary goals, objectives, performance measures and related tracking and reporting systems - unless otherwise prescribed by legislation or formal agreements, collaborate with the responsible Minister/department in developing organizational planning and management processes that facilitate efficient and effective exchange of ideas and information supporting results-based performance - prepare and submit strategic plans, and regular updates thereto, in a form and at a time acceptable to the Minister - communicate details of mandate, activities, expectations and plans to staff and stakeholders	- provide necessary support which departments require for preparing strategic, operational and financial plans and performance-based reports - consult with departments with respect to supports required by public bodies to meet planning, performance measurement and reporting obligations - arrange for the provision of training and/or materials support to departments and public bodies, particularly in the area of planning, performance measurement and governance

* It should be noted that although the official communication and accountability link is between the public body and the Minister, the Minister may choose to delegate some responsibilities under the framework to department officials.

Appendix A2

**Summary of Roles and Responsibilities
Monitoring and Reporting**

Minister / Department	Public Body	Treasury Board
- ensure that performance measurement and reporting systems used by public bodies produce reliable, credible and relevant information for monitoring the organization's progress against stated goals and objectives - in collaboration with public bodies, and any other required partners, facilitate the development of indicators to measure performance - communicate clear deadlines for all required reports to appropriate representatives of affiliated public bodies and any other partners - in collaboration with the appropriate governing bodies, and any other required partners, facilitate the development of a standardized framework for all required plans and annual reports - in collaboration with appropriate governing bodies, and any other required partners, establish standards for financial analysis and reporting	- ensure that the details of the public body's mandate, vision, mission, goals, strategies, key program activities, and expected performance results are effectively communicated to the organization's staff and key stakeholders - systematically collect and analyze information to assess the public body's efficiency and effectiveness against goals and objectives identified in strategic plans - prepare and submit required financial and performance reports to the Minister in formats and timeframes specified	- ensure that accountability mechanisms are developed administered and evaluated - with Cabinet Secretariat, develop a standardized framework for the development of performance measures for use by departments and public bodies - ensure that all required reports and plans are submitted, analyzed and evaluated and appropriate feedback is provided - establish clear deadlines for the submission of all required reports from departments

Appendix A3

Summary of Roles and Responsibilities
Feedback

Minister/ Department	Public Body	Treasury Board
- ensure all required reports are submitted by a public body and analyzed by the department in a timely fashion - unless otherwise prescribed by legislation or formal agreements, ensure that appropriate feedback documentation is forwarded to a public body in a timely fashion - unless otherwise prescribed by legislation or formal agreements, ensure that quarterly feedback provided clearly communicates to both the public body, and Treasury Board, any financial concerns, conditions and expected corrective actions - prepare letter of response to strategic plans giving approval for plans or, if unacceptable, an outline of the conditions under which the plan would be revised and resubmitted - prepare letter giving feedback on a public body's audited financial and performance reports	- update and revise financial plans/budgets according to feedback received from the Minister - revise and resubmit strategic plans to the Minister as required	- consult and share information with departments, throughout the year, regarding the financial status of public bodies - review and, where concerns exist, comment on financial and other reports received from departments - in consultation with departments, monitor the planning and accountability process among public bodies

GLOSSARY OF TERMS

Accountability	The ownership of conferred responsibilities, combined with an obligation to report to a higher authority on the discharge of these responsibilities and on the results obtained.
Activities	The actions that transform the available inputs or resources into outputs.
Authority	Freedom to make decisions and take actions, within limits, that are clearly defined when this freedom is delegated.
Challenges	Those events, activities, processes, strategies, policies and leadership qualities that an organization must first overcome if it is to achieve its intended goals and objectives.
Department	Principal delivery arm of government over which Ministers have direct control and through which government manages programs and delivers services.
Effectiveness	The extent to which a program or service is meeting its stated objective and an aspect of performance that describes how well the organization's activities are contributing to achieving its goals.
Efficiency	An aspect of performance that describes the relationship between inputs and outputs or outcomes, or the relationship of the inputs to outputs.
Evaluation	A systematic application of social science research procedures (i.e., evaluation research) to assess the results of programs and/or services.
Goal	A general statement of desired results to be achieved over an unspecified period of time.
Governance	The exercise of authority, direction and control.
Governing Body	The group of elected or appointed officials who exercise oversight and provide general direction for an organization.
Inputs	Resources (financial, human, physical, information, technology, etc.) available to an organization to undertake its activities.
Management	The act, art or manner of controlling or conducting affairs and the skillful use of means to accomplish a defined purpose.
Mandate	Instruction given by an authorizing body which sets out the general parameters of a task to be undertaken.
Measures	Attributes which are evaluated in order to determine progress toward achieving expected goals or objectives. <u>Outcome Measures:</u> Performance indicators that provide quantifiable information to indicate the extent to which intended and unintended results are achieved. <u>Output Measure:</u> Measures that tell how much is accomplished as a result of the inputs invested in a program or service.
Mission	A brief, clear statement of an organization's overall purpose which outlines what programs and services will be provided to whom, and how and why they are to be provided. Mission statements provide anchor points for developing and assessing goals, objectives and strategies.
Objective	A specific target or milestone set to promote achievement of a particular goal by a specific future date. Objectives answer both "what" and "when," quantitatively.

Opportunities	Trends in the external environment which could help the organization to achieve desired changes.
Outcome	An external result which informs decisions regarding future objectives.
Output	What is produced as a direct result of transforming resources through an activity or process.
Performance Measurement	A systematic process which enables an organization to track, manage and report progress on its strategic goals and objectives. Performance measurement focuses on the desired quantitative and qualitative outcomes required for an organization to achieve its mission and goals and is a means of determining an organization's planned versus achieved results.
Performance Report	A summary of an organization's operations which provides a clear linkage between the strategic plan and the results actually obtained. Results are reported using the performance measures that are specified in the Strategic Plan.
Planning	The process of prioritizing goals and objectives and choosing the most suitable means of achieving them prior to taking action.
Process	A series of activities that are intended to create a desired output.
Program	A grouping of activities with a common purpose, common clients and/or common outcomes.
Public Body	A board, corporation, commission or similar body, established by order of the Lieutenant-Governor in Council, under an Act of the Legislature, or Minute of Council.
Public Interest	The concept defining when, and under what circumstances, government will be involved in the delivery of a good or service and regulate for the protection and safety of its residents.
Service	The set of duties or functions performed, and the manner in which they are to be conducted, to address a need of, or deliver a program to, targeted recipients, groups and/or their environment.
Stakeholders	All those persons within or external to the organization who, rightly or wrongly, believe that they (1) have a claim to the organization's attention, resources and/or inputs; or (2) are affected by the organization's outputs and/or outcomes. This includes any groups who feel they can influence or be affected, either now or in the future, by the organization's programs, services or any of its activities.
Strategic Planning	A systematic process designed to help analyze fundamental issues and policy choices, define strategies, prioritize goals and objectives, and ensure that these goals and objectives are translated into concrete actions at the operational level. Department and public body planning enables Government to shape strategic direction. It also forms the basis for government's fiscal framework and shapes major human resource decisions. Department/public body planning leads to two outputs: Strategic Plan: A high-level corporate document that outlines vision, mission, goals, objectives and key issues and priorities for the medium to long-term (minimum of three years), and sets out strategies for achieving goals and objectives. Operational Plan: The translation of goals and objectives into a clear operating framework for a one-year period (i.e., short-term objectives, task analysis, delegation of responsibilities, and cross-division integration). As each branch/division and public body/department works its operational plan into reality, the government progresses toward its strategic goals and objectives.

Value

A principle that guides behaviour and decision making. A conviction which compels action, is prized and is publicly affirmed. All organizational decisions are based on values. An organization's values shape its strategic plan and guide managers and staff in making day to day decisions on implementing the plan.

Vision

A short statement describing the ideal state an organization is striving to achieve for its clients.

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